

The Corporation Trust Company Journal

AUGUST--SEPTEMBER--OCTOBER

1910

No. 21

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Our Washington Office.

Issued by

The Corporation Trust Company

SYSTEM

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THE COMMISSION TO INVESTIGATE THE CORPORATION LAWS OF VERMONT, appointed by the Governor under a joint resolution of the Legislature of 1909, has just made its report. It recommends materially liberalizing the private corporation laws of Vermont by removing the debt limit which now prohibits a corporation from contracting indebtedness exceeding in amount two-thirds of the capital stock actually paid in. It also recommends the removal of the present limit on the amount of authorized capital stock and provides for a statutory authorization to issue preferred stock. Several minor changes are also advocated such as a provision to permit directors to act through an executive committee and a provision for penalizing fraudulent acts of directors. In order to safeguard the state against monopolies every proposed corporation with a capital exceeding \$10,000,000 must submit its charter to a judge of the Supreme Court, who shall have full power to determine whether such proposed corporation may or may not be organized, and who shall not permit the organization if, in his opinion, it is liable to create a monopoly or result in restraining competition in trade. An attempt is also made to safeguard the investor by requiring a description of the property or consideration for which stock is to be issued to be filed with the Secretary of State as a public record. The recommendations of the Commission if embodied in the statute will vastly improve the general corporation laws of Vermont, but are not such as will place it among the so-called "charter-granting" states.

INSPECTION OF STOCK BOOKS OF FOREIGN CORPORATIONS IN NEW YORK. Following the decision in the case of *Henry v. Babcock & Wilcox Co.*, referred to in our June Journal, the courts have continued to hold that the statutory right of a stockholder to inspect the stock book and make extracts therefrom is absolute (*Hollaman v. Mines Co.*, et al, 137 App. Div. 862), and that the duty of certain foreign corporations to keep such books in the state is absolute (*Hovey v. Proctor & Gamble Co.*, 124 N. Y. Supp., 128), but a mere selling agent of the corporation, with no authority to keep such book, is not liable to the penalty (*Hovey v. Eiswald*, 124 N. Y. Supp., 130). To require a foreign corporation to keep a stock book in every state in which it does business would be manifestly unjust and would work a very considerable hardship to commerce, yet every state has the same right as New York to impose such a requirement, and what is wrong and unjust in the aggregate is equally wrong and unjust in each instance. The present law should be modified, particularly because it now subserves the purpose of the unscrupulous speculator, more than it protects the interests of the *bona fide* stockholder.

THE CONSTITUTIONAL CONVENTIONS IN NEW MEXICO AND ARIZONA HAVE CONVENED; the former on the 3d of October and the latter on the 10th. In New Mexico the delegates have proposed various constitutional provisions relating, among other things, to the liability of fellow servants, corporations, trusts and monopolies. The

provision relating to the last of the above mentioned subjects prohibits forever the existence of monopolies in the new state and provides that combinations for fixing prices, limiting production or regulating transportation of any product or commodity shall be punished by adequate penalties. The feeling against corporations and corporation attorneys seems to run very high in the convention. The Arizona convention so far has devoted its time entirely to the appointment of committees, and as yet has not entered upon a discussion of the proposed constitution. The New Mexico convention is Republican, while the Arizona convention is strongly democratic. It is, therefore, expected that the Arizona constitution will be even more radical in form than that of New Mexico. Our Legislative Information Department furnishes reports on the proceedings of both conventions to those interested.

AMERICAN CAPITAL IN AUSTRIA-HUNGARY has many advantages, according to a statement recently prepared for us by Dr. Andor Jacobi of Budapest. No governmental concessions are necessary in order to engage in any business, except that of railroads. Many inducements are offered to the development of industry, in the way of state subsidies in money, freedom from taxation and otherwise. The Hungarian Code contains no anti-trust laws, and the power to acquire control of competing corporations by stock ownership is unrestricted. Foreign capital is invited and the need of American financial organization is recognized. Although foreign corporations are admitted to do business in Hungary under very favorable circumstances, it is usually preferable to create separate Hungarian companies, as the formalities in admitting the former are more complicated and the annual report required of them must contain a statement of the accounts of not only the Hungarian branch but of the entire business of the company. The largest aggregation of American capital in Austria-Hungary at the present time is the Vacuum Oil Company, a subsidiary of the Standard Oil Company, which is gradually getting control of the industry of oil refining in both Austria and Hungary.

COMMON CARRIERS ENGAGED IN INTERSTATE AND FOREIGN COMMERCE have generally complied with the new Commerce Court Law by filing appointments of agents with the Interstate Commerce Commission. About nine hundred appointments have been filed. On the twenty-first of this month about one hundred and fifty corporations, having failed to appoint agents, were served with notice in the matter of postponement of increased rates in official classification territory, by posting the same in the office of the Secretary of the Interstate Commerce Commission. Through our Washington office we are acting as agent for more than sixty railroads and forty other corporations coming within the scope of the law. The office is centrally located in the Colorado Building and is connected by long distance telephone with the principal cities. A cordial invitation is extended to all of our clients to avail themselves of the facilities of this office while in Washington.

NEW LEGISLATION IN 1911

Forty-two state legislatures and congress will convene within a few months.

The present unsettled state of business points to a mass of new legislation relating to transportation, commerce, manufacturing and similar subjects.

If you are interested in any subject of legislation write for a description of our system of reporting on the proceedings of state legislatures and congress. Service prompt and accurate.

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